

**Duke Energy Carolinas, LLC**  
**DOCKET 2018-319-E**  
**FOR THE TEST PERIOD ENDED December 31, 2019**  
**SOUTH CAROLINA RETAIL**  
**Excess Deferred Income Tax Rider Calculation - Year 2**  
**(Dollars in thousands)**

Line	Description	Federal EDIT - Protected SC Retail	Federal EDIT - Unprotected, PP&E related SC Retail	Federal EDIT - Unprotected, , non PP&E related SC Retail	Deferred Revenue SC Retail	NC EDIT SC Retail	Total SC Retail
		(A)	(B)	(C)	(D)	(E)	(F)
1	Regulatory liability including gross up for Year 1 Rider calculation	[1] (410,869)	(269,654)	(68,162)	(29,552)	(87,003)	(865,241)
2	Deferred revenue for federal tax rate change 1/1/2019 - 5/31/2019	[2] -	-	-	(28,453)	-	(28,453)
3	Adjustment for 2018 Return to Provision True Ups	[3] -	-	-	-	(18)	(18)
4	Adjustment to implement ASU 2018-02	[3] -	-	(463)	-	-	(463)
5	Adjustment for estimated transition of Protected to Unprotected regulatory liability 1/1/19-5/31/19	[3] 4,266	-	(4,266)	-	-	-
6	Adjusted balance before amortization (sum of L1 to L5)	(406,603)	(269,654)	(72,891)	(58,005)	(87,021)	(894,174)
7	Annual Amortization (includes 7 months of actual and 5 months of projected)	[4] 10,239	13,483	13,632	5,910	17,401	60,665
8	Regulatory liability including gross up for Year 2 Rider calculation (L6 + L7)	(396,364)	(256,171)	(59,259)	(52,095)	(69,620)	(833,509)
9	Allocation to SC Retail excluding Greenwood	[5] 99.68%	99.68%	99.68%	99.68%	99.68%	
10	Regulatory liability for federal tax change including gross up for SC Retail excluding Greenwood (L8 x L9))	(395,083)	(255,344)	(59,067)	(51,926)	(69,395)	(830,816)
11	ARAM rate	[6] 2.43%					
12	Remaining amortization period	38.75	19	4	4	4	
13	Annual amortization amount excluding Greenwood	[7] (10,206)	(13,439)	(14,767)	(12,982)	(17,349)	(68,743)

**Notes:**

- [1] Docket No. 2018-319-E, Updated Smith Exhibit 2 (Directive), Page 1, Line 5
- [2] Deferred revenues in the 0229010 account as of 12/31/2019
- [3] Provided by the Tax Department
- [4] Per book amortization June 2019 - December 2019 plus projected amortization Jan 2020 - May 2020
- [5] Allocation - SCRGW - NETPLT w Nfuel
- [6] Provided by the Tax Department
- [7] Annual amortization for protected is actual and projected amortization (Line 7) x SC retail allocation (Line 9). Annual amortization for remaining categories is regulatory liability for Year 2 (Line 10) divided by remaining amortization period (Line 12)

Line	Cost of Capital per Smith Exhibit 1	Ratio	Rate	After Tax Weighted Average Cost of Capital (WACC)
1	Debt	47.00%	4.53%	1.60%
2	Equity	53.00%	9.50%	5.04%
3				6.64%
4	Statutory Tax Rate			24.95%
5	Retention factor for SC license tax, PSC Utility Assessment Fee			99.50%

Annual Rider Calculation

Amortization - From Page 1, L11																Rider Revenues incl. SC license Tax, PSC Utility Assessment Fee (O) = (N) / Retention Factor
Line	Year	Beginning Balance, Page 1, L8 (A)	Federal EDIT - Protected (B)	Federal EDIT - Unprotected, PP&E related (C)	Federal EDIT - Unprotected, non PP&E related (D)	Deferred Revenue (E)	NC EDIT (F)	Total Amortization (G) = (B)+(C)+(D)+(E)+(F)	Ending Balance before Return (H) = (A) - (G)	Average of Beginning and Ending Balance (I) = ((A) + (H)) / 2	EDIT Balance in Base Rates [1] (J)	Change in Regulatory Liability for Rider Return (K) = (I) - (J)	Return for Rider (L) = (K) x After Tax WACC	True-up for sales volume [2] (M)	Rider Revenues (N) = (G) + (L) + (M)	
1	Jun 20-May 21	(830,816)	(10,206)	(13,439)	(14,767)	(12,982)	(17,349)	(68,743)	(762,073)	(\$796,444)	(818,340)	\$21,896	\$1,454	(\$211)	(67,499)	(67,838)
2	Jun 21-May 22	(762,073)	(10,206)	(13,439)	(14,767)	(12,982)	(17,349)	(68,743)	(693,331)	(\$727,702)	(818,340)	\$90,638	\$6,018		(62,724)	(63,039) [3]
3	Jun 22-May 23	(693,331)	(10,206)	(13,439)	(14,767)	(12,982)	(17,349)	(68,743)	(624,588)	(\$658,959)	(818,340)	\$159,381	\$10,583		(58,160)	(58,451) [3]
4	Jun 23-May 24	(624,588)	(10,206)	(13,439)	(14,767)	(12,982)	(17,349)	(68,743)	(555,846)	(\$590,217)	(818,340)	\$228,123	\$15,147		(53,595)	(53,864) [3]

[1] Docket No. 2018-319-E, Updated Smith Exhibit 2 (Directive), Page 1, L1 x L6  
[2] Docket No. 2018-319-E, Excess Deferred Income Tax Rider Calculation - Year 2, Exhibit 2, Page 1, L8  
[3] The rider amounts for years 3 through 5 are shown for illustrative purposes only. Actual rider amounts will be filed each year with updates discussed in Smith testimony by March 31 for Commission approval.

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True Up for Actual Sales Volume June 2019 - December 2019

Line	Description		Residential	Commercial	Industrial	Lighting	Total SC retail
1	Rider EDIT-1 (SC) decrement rate (\$/mWh)	[1]	(4.59300)	(2.76900)	(1.72800)	(11.12200)	
2	Total Year 1 EDIT Rider Revenues	[2]	(\$61,849)	(\$61,849)	(\$61,849)	(\$61,849)	
3	Total Year 1 Federal EDIT Protected Amortization	[3]	(\$10,361)	(\$10,361)	(\$10,361)	(\$10,361)	
4	Rider EDIT-1 (SC) decrement rate, excluding Protected (\$/mWh) (1 - L3 / L2) * L1)		(3.82355)	(2.30512)	(1.43851)	(9.25876)	
5	SC Retail Mwh sales (June 1, 2019 - December 31, 2019)	[4]	3,816,372	3,449,960	4,898,196	25,153	
6	Actual EDIT decrement rider revenue (L4 * L5 / 1,000)		(\$14,592)	(\$7,953)	(\$7,046)	(\$233)	(\$29,824)
7	Per books amortization, excluding Protected, plus rider return	[5]					(\$30,034)
8	Year 1 true-up (L7 - L6)						(\$211)

[1] South Carolina Original Leaf No. 67, effective for service rendered on and after June 1, 2019 through May 31, 2020

[2] Docket No. 2018-319-E, Updated Smith Exhibit 2 (Directive), Page 2, Rider Revenues incl. SC license Tax, PSC Utility Assessment Fee

[3] Docket No. 2018-319-E, Updated Smith Exhibit 2 (Directive) Page 1, Line 9, Annual Amortization Amount Federal EDIT Protected

[4] Provided by Accounting

[5] Docket No. 2018-319-E, Updated Smith Exhibit 2 (Directive), Page 2 ((Rider Revenues incl. SC license Tax, PSC Utility Assessment Fee - Federal EDIT Protected Amortization) / 12 \* 7)

Duke Energy Carolinas, LLC  
PSCSC Docket No. 2018-319-E  
Derivation of Excess Deferred Income Tax Rider EDIT-1 Rates - Year 2

<u>Rate Class</u> (a)	<u>Revenue Requirement</u> <sup>1</sup> (b)	<u>Annual mWh Billing Determinants</u> <sup>2</sup> (c)	<u>Proposed Rates (Cents/kWh)</u> (d) = (b)/(c)
Residential (RS, RT, RE, RB, ES)	\$ (32,526,445)	6,723,901	(0.4837)
General Service (SGS, LGS, TS, OPT, BC, MP, PG, HP)	\$ (15,974,995)	5,467,945	(0.2922)
Industrial Service (I, OPT, MP, PG, HP)	\$ (16,489,652)	9,009,119	(0.1830)
Lighting (OL, NL, PL)	\$ (2,846,768)	216,390	(1.3156)
	<u>\$ (67,837,859)</u>	<u>21,417,355</u>	

<sup>1</sup> Total Revenue Requirement is provided in Exhibit No. 2.

<sup>2</sup> SC Annual Billed kWh Sales (Y2019) were provided by Pricing & Regulatory Solutions- extracted from CBIS.